

MANISTEE COUNTY 9-1-1/CENTRAL DISPATCH
MANISTEE, MICHIGAN

AUDIT REPORT

For Year Ended
September 30, 2008

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MANISTEE COUNTY 9-1-1/CENTRAL DISPATCH

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INTRODUCTORY SECTION

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Manistee County 9-1-1/Central Dispatch Board
Manistee, Michigan

We have audited the financial statements of Manistee County 9-1-1/Central Dispatch as of and for the year ended September 30, 2008, and have issued our report thereon dated December 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Manistee County 9-1-1/Central Dispatch internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Manistee County 9-1-1/Central Dispatch's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Manistee County 9-1-1/Central Dispatch internal control over financial reporting.

Our consideration of internal control over financial reporting and internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Manistee County 9-1-1/Central Dispatch's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the management, others within the organization and the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "David E. Wilson CPA". The signature is written in a cursive, flowing style.

Interlochen, MI
December 19, 2008

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Manistee County 9-1-1/Central Dispatch Board
Manistee, Michigan

We have audited the accompanying financial statements of the governmental activities of Manistee County 9-1-1/Central Dispatch, a component unit of Manistee County, as of and for the year ended September 30, 2008, which collectively comprise the Dispatch's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Manistee County 9-1-1/Central Dispatch management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the aggregate remaining fund information of the Manistee County 9-1-1/Central Dispatch, as of September 30, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2008, on our consideration of the Manistee County 9-1-1/Central Dispatch's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 6 through 8 and 14, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Manistee County 9-1-1/Central Dispatch's basic financial statements. The introductory section, combining and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Interlochen, Michigan
December 19, 2008

Manistee County 9-1-1/Central Dispatch

Management Discussion and Analysis

This discussion and analysis provides an overview of the Central Dispatch's financial activities for the fiscal year ended September 30, 2008. Please read it in conjunction with the Central Dispatch's financial statements.

Financial Highlights:

- The Central Dispatch's net assets changed with a 4.56 percent increase attributed to frugal operations.

Using this Annual Report:

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Central Dispatch as a whole and present a longer-term view of the Central Dispatch's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Central Dispatch's operations in more detail than the government-wide financial statements.

The Fund Financial Statements present a short-term view: they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund Financial Statements also report the Central Dispatch's operations in more detail than the Government-Wide Financial Statements by providing information about the Central Dispatch's most significant funds. The Fiduciary Fund Statements provide financial information about activities for which the Central Dispatch acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Central Dispatch's Most Significant Funds:

1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The Central Dispatch as a Whole:

The following table shows a comparison of current and previous year net assets:

Assets	2007	2008
Cash	829,922	1,004,662
Other Current Assets	0	2,706
Capital Assets Net	<u>371,516</u>	<u>313,217</u>
Total Assets	1,201,438	1,320,585

Liabilities and Net Assets		
Liabilities	15,781	80,831
Net Assets	<u>1,185,657</u>	<u>1,239,744</u>
 Total Liabilities and Net Assets	 1,201,438	 1,320,575

The Central Dispatch's combined net assets increased 9.91% from a year ago - increasing from \$1,201,438 to \$1,320,575.

Governmental Activities:

	2007	2008
Revenues		
Taxes	770,053	792,540
Charge for Services	84,036	114,178
Interest Earnings	22,572	26,137
Miscellaneous	<u>431</u>	<u>42,837</u>
Total Revenue	877,091	975,692
 Expenditure		
Transfers	<u>816,309</u>	<u>863,309</u>
	<u>0</u>	<u>0</u>
Excess Revenue	60,784	112,386

The Central Dispatch's real governmental revenues increased by approximately \$98,600. This increase, which represents 11.2 percent, was primarily due to increases in most revenue line items.

The activities expenses increased by \$46,997, or 5.7 percent, due in part to a combination of increased personnel and capital costs mitigated by a reduction in maintenance costs.

General Fund Budgetary Highlights:

Over the course of the year the Central Dispatch Board was able to maintain the Central Dispatch departments within their prescribed budgets except for personnel costs.

Capital Asset and Debt Administration:

Capital Assets

The Central Dispatch made a capital improvement with the addition of technical equipment including new computers, monitors, and equipment.

	Asset	Depreciation	Accumulated Depreciation
General Fixed Assets			
Building	3,000	77	962
Equipment	<u>1,048,981</u>	<u>113,193</u>	<u>737,812</u>
Total General Fixed Assets	1,051,981	113,270	738,774

Debt

The Central Dispatch acquired no additional debt in 2008 and has no debt.

Economic Factors and Next Year's Budgets and Rates:

Manistee Central Dispatch's 2008 budget calls for the allocated millage. With this millage we are able to fund the majority of services.

General Overview of the Accomplishments of Manistee Central Dispatch in the 2008 Fiscal Year:

The Central Dispatch finances have been managed very closely in 2008. This is reflected in an increase of the General Fund balance. The Central Dispatch is in a very healthy state as a whole.

Contacting the Central Dispatch's Management:

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Central Dispatch's finances and to show the Central Dispatch's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact our office at (231) 723-2843.

MANISTEE COUNTY 9-1-1/CENTRAL DISPATCH
STATEMENT OF NET ASSETS
September 30, 2008

ASSETS		
Cash, investments and cash equivalents	\$1,004,662	
Receivables (net)	0	
Prepaid Expenditures	2,706	
Internal balances	0	
Inventories		313,207
Capital Assets, net		<u>1,320,575</u>
Total Assets		<u>1,320,575</u>
LIABILITIES		
Accounts payable	80,831	
Due to Other Agencies	0	
Noncurrent liabilities (Note 2):		
Due within one year	0	
Due in greater than one year	15,894	
Total Liabilities		<u>96,725</u>
NET ASSETS		
Restricted for:		
Capital projects		
Debt Service		
Unrestricted (deficit)		<u>1,223,850</u>
Total Net Assets		<u>1,223,850</u>
Total Liabilities and Net Assets		<u>\$1,320,575</u>

MANISTEE COUNTY 9-1-1/CENTRAL DISPATCH
Statement of Activities
For Year Ended September 30, 2008

Function(s)/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets Primary Government
		Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities				
Public safety	\$808,335	\$114,178	\$42,837	(\$651,320)
Other	113,270			(113,270)
Interest on Long Term Debt	0			0
Total Governmental Activities	921,605	114,178	42,837	(764,590)
Business Type Activities				
Proprietary Funds				
Total Primary Government	921,605	114,178	42,837	(764,590)
General revenues:				
Taxes				
Property Taxes-general				792,540
Property Taxes-debt service				0
State-Shared Revenues				0
Unrestricted Investment Earnings				26,137
Franchise taxes				0
Miscellaneous				0
Transfers				0
Total General Revenues-Special Items and Transfers				818,677
Changes in Net Assets				54,087
Accrued Compensated Absences				15,894
Net Assets - Beginning				1,185,657
Net Assets - Ending				\$1,223,850

MANISTEE COUNTY 9-1-1/CENTRAL DISPATCH
Reconciliation of Statment of Revenues and
Statement of Activities
For the Twelve Months Ended September 30, 2008

Net Income (loss) Per Fund Income Statement		\$112,366
Add:		
Capital Outlay	54,971	
Principal Payments	<u>0</u>	
Total Additions		54,971
Subtractions		
Depreciation	<u>113,270</u>	
Total Differences		<u>(58,299)</u>
Net Change in Activities		<u><u>54,087</u></u>

Reconciliation of Government Funds Balance Sheet
With the Statement of Net Assets
For the Twelve Months Ended September 30, 2008

Fund Balance - Governmental Funds		926,537
Capital Assets - Net	313,207	
Long Term Debt	<u>(15,894)</u>	
Net Assets		<u><u>\$1,223,850</u></u>

MANISTEE COUNTY 9-1-1/CENTRAL DISPATCH

Fund Balance Sheet
As Of September 30, 2008

	<u>Governmental Fund Type</u>
	<u>General</u>
<u>Assets</u>	
Cash	\$1,004,662
Prepaid Exp	\$2,706
Machinery & Equipment	
Total Assets	<u>\$1,007,368</u>
<u>Liabilities and Fund Balance</u>	
Liabilities	
Accounts Payable	\$28,961
Accrued Payroll & Tax	51,870
Due to Manistee County	
Long Term Debt	<u>0</u>
Total Liabilities	80,831
Fund Equity	
Investment in Fixed Assets	0
Fund Balance - Unreserved	<u>926,537</u>
Total Fund Equity	926,537
Total Liabilities and Fund Balance	<u>\$1,007,368</u>

The footnotes are an integral part of these Financial Statements

MANISTEE COUNTY 9-1-1/CENTRAL DISPATCH
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
All Governmental Fund Types
For the Twelve Months Ended September 30, 2008

	<u>Governmental Fund Types</u>
<u>Revenues</u>	<u>General Fund</u>
Taxes	\$792,540
Misc Revenue	42,837
Interest Income	26,137
Wireless 911	114,178
Total Revenues	<u>975,692</u>
<u>Expenditures</u>	
Current	
Personnel & benefits	635,279
Training	2,088
Electricity	14,652
Repairs & Maintenance	5,910
Professional Costs	10,845
Admin Fees	18,525
Insurance	7,718
Office Supply	3,782
Maint Contract/Lease	64,705
Uniforms	3,218
Phone/Tower Utilities	41,188
Capital Expenditures	54,971
Public Education	425
Contingency	<u>0</u>
Total Expenditures	<u>863,306</u>
Excess Revenue (Expenditures)	112,386
Less	
Payment of Long Term Debt	0
Interest	<u>0</u>
Excess Revenue (Expenditure)	112,386
Fund Balance - Beginning of Year	814,151
Prior Period Adjustment to Fund Balance	0
Fund Balance - End of Year	<u>\$926,537</u>

The footnotes are an integral part of these Financial Statements

MANISTEE COUNTY 9-1-1/CENTRAL DISPATCH
Budgeted Statement of Revenues and Expenditures
General Fund
For the Twelve Months Ended September 30, 2008

	Original Budget	Budget	General Fund Actual	Variance
<u>Revenues</u>				
Taxes	\$ 860,153	\$ 860,153	\$ 792,540	\$ (67,613)
Misc Revenue	42,500	42,500	42,837	337
Interest Income	13,000	13,000	26,137	13,137
Wireless 911	75,000	75,000	114,178	39,178
Total Revenues	990,653	990,653	975,692	(14,961)
<u>Expenditures</u>				
Current				
Personnel & Benefits	599,000	599,000	635,279	(36,279)
Training	6,000	6,000	2,088	3,912
Phone and Towers	42,160	42,160	41,188	972
Miscellaneous	0	0	0	0
Admin Fees	25,000	25,000	18,525	6,475
Electrical Service/Util	19,093	19,093	14,652	4,441
Insurance	13,000	13,000	7,718	5,282
Office Supply	9,000	9,000	3,782	5,218
Maint Agreements	76,300	76,300	64,705	11,595
Repairs and Maint	10,000	10,000	5,739	4,261
Equipment Replacement & Misc	7,500	7,500	171	7,329
Professional Fees	3,700	3,700	10,845	(7,145)
Uniforms/Cleaning	3,700	3,700	3,218	482
Public Education	1,200	1,200	425	775
Capital Expenditures	100,000	100,000	54,971	45,029
Contingency Fund	75,000	75,000	0	75,000
Total Expenditures	990,653	990,653	863,306	127,347
Excess Revenue (Expenditures)	\$0	\$0	\$112,386	\$112,386

MANISTEE COUNTY 9-1-1/CENTRAL DISPATCH

Statement of Changes in Fixed Assets

All Governmental Fund Types

September 30, 2008

	Balance 10/01/07	Additions	Deletions	Balance 09/30/08
ASSETS				
Buildings	\$3,000	\$0	\$0	\$3,000
Equipment	994,020	54,961	0	1,048,981
Total	997,020	54,961	0	1,051,981
ACCUMULATED DEPRECIATION				
Buildings	885	77		962
Equipment	624,619	113,193		737,812
Total	\$625,504	\$113,270	\$0	\$738,774

The footnotes are an integral part of these Financial Statements

MANISTEE COUNTY 9-1-1/CENTRAL DISPATCH

Notes to Financial Statements

September 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Manistee County 9-1-1/Central Dispatch (911) is a component unit of Manistee County created to serve the needs of the 9-1-1/Central dispatch and 911 requirements of the County. The governing body is the Advisory Board which was designated to provide uniform services to all area agencies. As such, 911 is a blended component unit of Manistee County and reported as a special revenue fund in the Manistee County financial statements.

The financial statements of the Manistee County 9-1-1/Central Dispatch do not include any separately administered organizations that are controlled by or dependent on the Manistee County 9-1-1/Central Dispatch for financial support. Control or dependence is based on such items as budgetary control, taxing authority, appointment of controlling or governing boards, and other criteria as outlined in GASB Statement #14.

No other organizations or governmental entities are considered using these definitions.

B. Basis of Presentation

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

During the year ended September 30, 2008 all Manistee County Agencies converted to GASB 34 as required. As such additional presentations are made for the GASB 34 required statements and certain areas such as the group of accounts are no longer presented. The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely significantly on fees and charges for support.

The statement of activities demonstrates the degree direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or recipients who purchase, use, or benefit from the goods and services provided by the various function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Basis of Accounting

Basis of Accounting refers to how revenue and expenditures or expenses are recognized in the account and reported in the financial statements. The basis of accounting, as required under generally accepted accounting principles, varies for each fund.

General, special revenue, debt service, capital projects and trust and agency funds should be accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

Enterprise funds should be accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized in the accounting period in which it is earned and becomes measurable. Expenses are recognized in the accounting period incurred, if measurable.

The accounting policies of Manistee County 9-1-1/Central Dispatch conform to generally accepted accounting principles and include the following fund types

1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The *debt service funds* account for the accumulation of resources for, and the payment of, general long-term debt principal and interest recorded in the General Long-Term Debt Account Group.

D. Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

E. Measurement Focus

The accounting and reporting treatment applied to a fund is determined by the current reporting standards of measurement focus. Thus all governmental funds are accounted for on a financial flow measurement basis. This means that only current assets and liabilities are presented on the Balance Sheets and operating statements measure increases and decreases in these net current assets.

F. Budgets

The fund is under formal budgetary control. Budgets shown in the financial statements are prepared on a modified accrual basis and consist of those amounts which were approved during the formal budget process and amended by the Manistee County 9-1-1/Central Dispatch Board.

G. Fixed Assets

This includes all assets which are considered of value to the Manistee County 9-1-1/Central Dispatch. The modified accrual basis makes no provision for the depreciation of these assets. All assets are valued at cost and GASB 34 makes provision for the depreciation on the entity wide statements.

H. Long Term Debt

The Central Dispatch paid off the debt to the Manistee County during the fiscal year ending September 30, 2007 and acquired no additional debt during the fiscal year.

I. Property Taxes

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 31. Real property taxes are collected by the Manistee County Treasurer and then transferred to the County Manistee County 9-1-1/Central Dispatch Funds. Any delinquent taxes are also collected by the County Treasurer.

NOTE 2 - BUDGET APPROPRIATIONS

Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. Given the amendments actually approved, the bulk of the excess expenditures are related to the accruals and payables of items paid for or transferred in and hence are carried as either Accounts Payable or Due to Other Units in the Balance Sheet of the General Fund. There were no material violations of the Public Act 62.

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, states that the Manistee County 9-1-1/Central Dispatch, by resolution, may authorize the County Treasurer to invest surplus funds as follows:

1. In bonds and other direct obligations of the United States or an agency or instrument of the United States.
2. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
3. In commercial paper rate at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.

4. In United States government or federal agency obligation repurchase agreements.
5. In bankers' acceptances of United States banks.
6. In mutual funds composed of investment vehicles which are legal for direct investment units of government in Michigan.

NOTE 4 - TYPES OF DEPOSITS AND INVESTMENTS

The Manistee County 9-1-1/Central Dispatch has balances of cash insured as follows:

	Per Books	Bank Balance
Insured	\$200,000	\$200,000
Uninsured	<u>804,662</u>	<u>804,662</u>
Total	\$1,001,662	\$1,001,662

NOTE 5 - COMPENSATED ABSENCES

There are compensated absences to the extent that sick pay is accrued and payable upon retirement. The total accrued and payable for employees of the Manistee County 9-1-1/Central Dispatch is \$15,894.

NOTE 6 - INVENTORIES

No material parts or supply inventories are maintained by the Manistee County 9-1-1/Central Dispatch.

NOTE 7 - PENSION PLANS

Manistee County 9-1-1/Central Dispatch's employees participate in the Manistee County deferred compensation plan under Internal Revenue Service Code Section 457. The plan, available to all employees, permits them to defer a portion of their current earnings until the employee's termination, retirement, death or unforeseeable emergency.

Under the terms of recent changes to the tax law, specifically the Tax Payer Relief Act of 1997, All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights are no longer solely the property and rights of the County and are not subject to the claims of general creditors.

Employees rights created under the plan are equivalent to those of general creditors of the board and only in an amount equal to the fair market value of the deferred account maintained with respect to each employee.

The plan's assets have been used for no purpose other than to pay benefits and administrative costs.

There are no post employment benefits.

NOTE 10 - PAYABLE DUE TO OTHER UNITS

All payroll is paid by Manistee County and the Manistee County 9-1-1/Central Dispatch is billed for the payroll by the County. As of year end, \$51,870 was payable to the County for payroll expenses incurred in 2007-08.

NOTE 11 - FIXED ASSETS

All fixed assets are based on historical cost for all assets. Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Infrastructure	5 to 10 years
Equipment	5 to 30 years

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December 19, 2008

Board of Directors
Manistee County 9-1-1/Central Dispatch
Manistee, Michigan 49660

The books and records of the Manistee County 9-1-1/Central Dispatch are adequate and presentable. This letter is intended to discuss those areas of management and control which can be improved, but which are immaterial when considering the overall financial condition of the Manistee County 9-1-1/Central Dispatch.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with general accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Manistee County 9-1-1/Central Dispatch. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Manistee County 9-1-1/Central Dispatch are listed in Note 1. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into the Manistee County 9-1-1/Central Dispatch during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, of transactions for which there is a lack of authoritative guidance or consensus.

Management Judgements and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

Significant Audit Adjustments

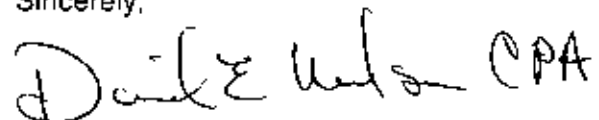
For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Manistee County 9-1-1/Central Dispatch that could potentially cause future financial statements to be materially misstated, even though we have concluded such adjustments are not material to the current financial statements. Our audit adjustments, individually and in the aggregate, have a significant effect on the financial reporting process.

The audit report presents financial statements based on accounting kept by the County and the management of 911/Central Dispatch. The figures for board approval and budget management are kept on an offset basis due to the timing of the monthly meeting. Both systems appear complete and accurate and timing differences are traceable.

The Records of the Manistee County 9-1-1/Central Dispatch are well organized. The bills are paid timely and the expenses are budgeted and managed in an efficient manner. As reported in the past, mechanized system would alleviate the cumbersome manual process currently used by management.

It is important to remember that this is for information only and provided to management with the sole intent that it can be evaluated with the potential to improve management practices within the Manistee County 9-1-1/Central Dispatch. Thank you for the opportunity to perform your audit and continue the fine relationship.

Sincerely,

A handwritten signature in black ink that reads "David E. Wilson CPA". The signature is fluid and cursive, with the letters "D", "W", and "C" being particularly large and prominent.

David E. Wilson CPA